GOVERNMENT OF INDIA
PLANNING
LOK SABHA

STARRED QUESTION NO:290
ANSWERED ON:09.12.2009
SPECIAL ECONOMIC PACKAGES
Kaswan Shri Ram Singh;Rajbhar Shri Ramashankar

Will the Minister of PLANNING be pleased to state:

(a) whether various States in the country have demanded Special Economic Packages for their States including Uttar Pradesh and Rajasthan;

(b) if so, the details thereof and the decision taken thereon;

(c) whether certain State Governments have also demanded special category status for their States;

(c) if so, the details thereof and the action taken by the Union Government thereon; and

(d) the benefits likely to accrue to these States as a result of grant of special category States?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI V. NARAYANASAMY)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY OF PART (a) to (e) OF LOK SABHA STARRED QUESTION NO. 290 FOR ANSWER ON 09.12.2009 REGARDING "SPECIAL ECONOMIC PACKAGES" BY SHRI RAMASHANKER RAJBHAR AND SHRI RAM SINGH KASWAN

(a) to (e): There have been proposals from States for different types of assistance. The State Government of Uttar Pradesh requested sanction of a Special Area Incentive Package for Poorvanchal and Bundelkhand regions seeking exemption from Central Excise and Income Tax, a capital subsidy on investment for the region and proposals for assistance of Rs.80,000 crore for bridging critical gaps in development. State Government of Bihar requested for a financial package of Rs.14800 crore for Kosi Reconstruction and Rehabilitation.

State-specific need based special dispensation is made as and when warranted through existing programmes/schemes under Annual /Five Year Plans. Very recently the Government has approved a Special Bundelkhand Drought Mitigation Package of Rs.7266 crore comprising Rs.3506 crore for Uttar Pradesh and Rs.3760 crore for Madhya Pradesh to be implemented over a period of three years.

Earlier, Orissa had demanded a Special Category Status. In the recent past, State Governments of Bihar and Rajasthan have also requested for granting them Special Category Status. The Government is seized of the matter.

All States are categorized as either Special Category or Non-Special Category for the purpose of allocation of Normal Central Assistance (NCA) and the terms on which the assistance is extended to the States. Out of the overall amount of NCA inclusive of loan and grant, 30% is reserved for Special Category States and 70% is available for Non-Special Category States. In case of Special Category States, the grant / loan ratio applicable for NCA, Additional Central Assistance (ACA) and Special Plan Assistance/Special Central Assistance is 90% Central grant and 10% loan and for the Non-Special Category States it is 30% Central grant and 70% loan.